

CBSE Test Paper - 05
Chapter - 27 Globalisation

1. Which of the following is a major benefit of joint production between a local company and a multinational company? **(1)**
 - a. Multinational company can bring latest technology in the production.
 - b. Multinational company can control the increase in the price.
 - c. Multinational company can increase the price of products.
 - d. Multinational company can sell the product under their brand name.
2. Which of the following occupies the top position in Indian exports as on 1/12/2017? **(1)**
 - a. Engineering Goods
 - b. Textiles and Clothing
 - c. Gems and Jewellery
 - d. Refined Petroleum Products
3. Full form of SEZ is **(1)**
 - a. South Asian Economic Zone
 - b. Special Economic Zone
 - c. Southern Economic Zone
 - d. Shanghai Economic Zone
4. Increasing role of private sector comes under **(1)**
 - a. Globalisation
 - b. Privatisation
 - c. Liberalisation
 - d. Socialisation
5. MNCs choose to set up production close to the availability of: **(1)**
 - a. Cheap labour resources

-
- b. None of these
 - c. Economic sustainability
 - d. Cheap goods

6. How many countries are currently the members of the World Trade Organization (WTO)? **(1)**
7. Why do MNCs set-up their offices and factories in those regions where they get cheap labour and other resources? **(1)**
8. In how many countries the production process of Ford motors spread? **(1)**
9. What is the per day capacity of the Cargill Foods to make Oil Pouches? **(1)**
10. In what ways will the production of cars by Ford Motors in India lead to interlinking of production? **(3)**
11. Highlight any three disadvantages of Multinational Corporations. **(3)**
12. Explain the different ways by which Multinational Corporations manage to keep the cost of production of their goods low? **(3)**
13. Distinguish between foreign trade and foreign investment. **(3)**
14. "The impact of globalisation has not been uniform." Demonstrate with the help of illustrations. **(5)**
15. "Globalisation has been advantageous to consumers as well as to producers." Support the statement with suitable examples. **(5)**

CBSE Test Paper - 05
Chapter - 27 Globalisation

Answer

1. a. Multinational company can bring latest technology in the production.
Explanation: In developing countries there is lack of technology as a result of which most of their resources remain unutilised. It is because of the modern high technology that these resources are utilised efficiently. This technology is transferred to the developing countries through multinational corporations.
2. d. Refined Petroleum Products
Explanation: The share of refined petroleum products in India's exports is 20% and it occupies the top position whereas second position is occupied by engineering goods whose share in India's exports is almost 19%.
3. b. Special Economic Zone
Explanation: These are designated areas in a region set up by the government to attract foreign companies to invest in the countries.
4. b. Privatisation
Explanation: Privatisation refers to a process that reduces the involvement of public sector and increases the role of private sector in economic activities of the country.
5. a. Cheap labour resources
Explanation: For the lower the cost and to earn greater profits, MNCs set up offices and factories for production in regions where they can get cheap labour and other resources.
6. World Trade Organization (WTO) has 164 member countries as on 29 July 2016.
7. MNCs set-up their offices and factories in those regions where they get cheap labour and other resources because of the low cost of production and they can earn greater profits.
8. In 26 countries the production process of Ford motors spread.

9. The per day capacity of the Cargill Foods to make Oil Pouches is Five million pouches.
10. Ford Motors is one of the world's largest automobile manufacturers. Their production is spread over 26 countries in the world. The steps taken by Ford Motors for interlinking of production are as follows:
 - i. They have set-up a production plant for cars in Chennai in partnership with a local company, Mahindra and Mahindra.
 - ii. They are entering into agreements with the local companies of car parts for supplying parts of Ford cars manufactured in their production unit and they are also planning to supply these parts to their other car production units around the globe.
 - iii. They are closely competing with the local companies in the Indian market in order to increase their market share.
11.
 - i. Due to globalisation several manufacturing units have **shut down**. Batteries, capacitors, plastic, toys, tyres, dairy products and vegetable oils are some examples of industries.
 - ii. Due to shutting down of industrial units, many **workers become jobless**. Workers' jobs are no **longer secure**.
 - iii. Globalisation and the pressure of competition have substantially **changed the lives of the workers**.
12.
 - i. MNCs setup production units in those countries where labour is available at cheaper rate and has large market to sell their products.
 - ii. MNCs setup production units jointly with some of the local companies of the countries.
 - iii. Maximum MNCs place orders for production to small producers and sell them with their own brand name.

13.

Basis	Foreign Trade	Foreign Investment
Meaning	Trade between two or more countries is termed as foreign trade	Investment made by an MNC or a financial institution in another country is termed as foreign investment.
	It helps in connecting the	

Result	markets of different countries across the world.	Additional investment in the form of capital, technology and other resources.
Advantage	It creates an opportunity for the producers to cover the international markets.	It brings long-term capital to the company.

14.
 - i. Globalisation has no doubt benefited the well to do consumers and also the rich and wealthy producers, but many small producers and workers have suffered as a result of the rising competition. The small producers are finding it very difficult to compete with global players. Also the benefits of globalisation has not been able to reach the people living in rural areas as most of the MNCs cater to the urban market where they can make huge profits.
 - ii. Removal of trade barriers and liberalisation policies of the governments to facilitate globalisation have hit the local producers and manufacturers hard. The small /local producers could not match to the large scale investment and production of the MNCs and had to shut down their businesses. Globalisation is mainly beneficial to large capitalists, industries and large companies. Consequently, it increases the concentration of economic power and leads to inequalities.
 - iii. Globalisation and the pressure of competition have substantially changed the labour laws. Faced with growing competition, most employers these days prefer to employ workers 'flexibl'. This means that workers' jobs are no longer secure. Globalisation has some negative impacts on employment and real wages. Due to ushering in of new technologies, output increases, but employment opportunities are not much, especially in rural areas, where over 60% of the population lives.
15. Globalisation has been advantageous to producers in the following ways:
 - i. The producers now have access to international markets.
 - ii. Globalisation has also enabled free movement of capital, i.e.via electronic transfers etc.
 - iii. Globalisation has enabled access to foreign investment in capital and technology via Foreign Direct Investment etc.
 - iv. Globalization has enabled some big Indian companies to establish themselves as

Multi-National Corporations (MNCs). For e.g. Tata Motors.

Globalisation has been advantageous to consumers in the following ways:

- i. Globalisation has led to employment generation and has benefited the consumer. It has increased the purchasing power of the consumer.
- ii. Globalisation has also given rise to intense competition due to opening up of markets to foreign companies. As a result, this has led to an increase in product quality and a decrease in the prices of the products which ultimately is to benefit of the consumer.
- iii. The consumers have benefited from the arrival of MNCs as they have now a larger choice in the goods and services that are available to them in the market.
- iv. Due to globalization, people can now enjoy a higher standard of living.